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BEFORE THE ARIZONA CORPORATION

**COMMISSIONERS**

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

RECEIVED

AZ CORP COMMISSION  
DOCKET CONTROL

2013 MAY 30 PM 3 17

IN THE MATTER OF THE APPLICATION OF  
GRANITE MOUNTAIN WATER COMPANY,  
INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02467A-09-0333

IN THE MATTER OF THE APPLICATION OF  
GRANITE MOUNTAIN WATER COMPANY,  
INC. FOR APPROVAL OF FINANCINGS.

DOCKET NO. W-02467A-09-0334

IN THE MATTER OF THE APPLICATION OF  
GRANITE MOUNTAIN WATER COMPANY,  
INC. FOR AUTHORITY TO INCUR LONG-  
TERM DEBT.

DOCKET NO. W-02467A-10-0483

**STAFF REQUEST FOR EXTENSION**

On May 28, 2013, Staff counsel received a letter from Granite Mountain Water Company ("Company"). A copy is attached. In the letter, the Company summarized various actions it intends to take to be responsive to the Procedural Order of May 9, 2013. The Company would like more time and Staff has no objection to the Company's request. Therefore, Staff respectfully requests a delay in the filing of testimony that is due to be filed on May 31, 2013.

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of May, 2013.

Arizona Corporation Commission

**DOCKETED**

MAY 30 2013

DOCKETED BY

IM

Robin R. Mitchell, Staff Attorney  
Scott M. Hesla, Staff Attorney  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

1 Original and thirteen (13) copies  
2 of the foregoing filed this  
30<sup>th</sup> day of May, 2013 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, AZ 85006

6 Copy of the foregoing mailed and/or emailed  
7 this 30<sup>th</sup> day of May, 2013 to:

8 Paul D. Levie  
9 GRANITE MOUNTAIN WATER  
10 COMPANY, INC.  
11 P.O. Box 350  
12 Chino Valley, AZ 85323  
13 Attorney for Granite Mountain Water  
14 Company, Inc.

11 Matthew Lauterbach  
12 Chief Operating Officer  
13 GRANITE MOUNTAIN WATER  
14 COMPANY, INC.  
15 P.O. Box 350  
16 Chino Valley, AZ 86323

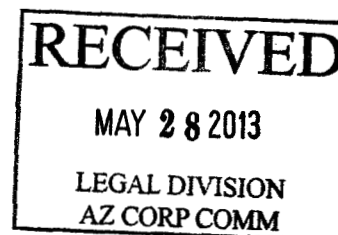
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10-0483 *Adkin*

Granite Mountain Water Company, Inc.  
PO Box 350 Chino Valley, AZ 86323  
The Office of Paul D. Levie

Robin Mitchell, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

May 24, 2013



Granite Mountain Water Company, herein-after "Granite".

1. Granite was ordered by the court to:

- (a) Drill a new well OR
- (b) Provide additional storage

Pursuant to the Order Granite:

(a) Proceeded to plan for drilling a new well on a lot adjacent to Granite's grandfathered well #5 and prepared plans for use of that new well as replacement for well #5 and submitted those plans as well #6.

(b) Granite had already augmented its 19,000 gallon storage (tank #1) with a 50,000 gallon new storage tank (tank #2), dug and flattened a larger storage area, fenced and landscaped the site, agreed with the Home Owners Association to cut down the higher, more view-obstructing 9,000 gallon tank to the height of the larger radius 50,000 gal tank and further prepared and flattened space for another (2<sup>nd</sup>) 50,000 gal tank (tank #3) identical within the same landscaped enclosure. So Granite actually planned to do both, drill a new well and increase the storage to 111,700 gallons.

(c) Granite also made application for a WIFA loan.

While the foregoing plans were in progress there was no shortage of water supply or storage. Water supply and adequate storage was being provided basically and adequately by well #4, and if necessary, test well #3 would kick on with its full production (which was seldom used).

At such time Granite learned of the possible availability of the Short Spur property inasmuch as notice of foreclosure had been given the owner, James Jordan by the 1<sup>st</sup> mortgagor. It had on it an older home in run down condition, and a yard sale of the owners' last worldly possessions was being conducted by James. He had a recently drilled a news domestic well, the well report of which contained a hand written notation "Strong water".

It was a large lot of approximately 1.5 acres and had an adequate well-house, a sort of studio apartment, a tack shack, another storage unit and it was within 300 feet (nearest point) and approximately 500 feet (farthest point) from Granite's grandfathered well.

An added benefit is that the well #6 location is upstream from Granite Mountain Stables and more distant from wells #3 and #4. Neither Granite nor owner of Granite, Paul Levie, were able to finance purchase of the home and lot, which was purchased by Shauna (Paul's daughter) and John Duke for \$155, 000., closing on Feb 5, 2013.

I think we have become entangled in the minutiae of long interrogatories and responses between Granite and Engineering to a point at which we cannot see the forest for the trees. We have now hired Haywood & Associates Engineer Bill Carnes and Specialist Timothy Robbins to analyze the facts and

assist the Corporation Commission engineers and make calculations to assure that the now intended new well #6 and added storage will meet Arizona Department of Environmental Quality requirements.

A deed for the wellsite and an easement for much of the rest of the 1.5 acre lot (containing the other buildings) (except a reasonable area around the home) is being prepared for signatures which will place the well and easement upon the other outbuildings solidly in the name and ownership possession of Granite. Granite at present owns no land in the area for an office or storage of equipment and supplies for which this property will be ideal. It will also be ideal for any further wellsites in the future upstream from Granite Mountain Stables.

An amended request to modify decisions based upon this letter will be prepared and filed with the exhibits as soon as we have the exhibits and prepared plans for the well and tank are approved by the engineer.

We fear that Granite has by lapse of time, the minutiae of extended interrogatories, and our failure to comprehend the pertinent formulae and calculations, lost the objective of providing a well or a tank. We are providing both and the plans are all buried in the numerous interrogatories and the pumping test of well #6.

If you, Robin, will as you suggested, postpone the set hearing to give us time to achieve the foregoing proposals and reduce the same to agreement, we may as you also suggested, be able to give the staff Commission and the judge all the information they need and desire to make an appropriate decision.

While we have been working out this purchase of the new well and site we have tried to keep the corporation commission and the judge as fully informed as possible as well as perform the necessary production tests.

We recognize that the new well quality tests will need to be completed. We met with the ADEQ and also briefly with WIFA representatives to keep them advised and be in a position to get ADEQ's necessary approval and meet the time constraints of WIFA.

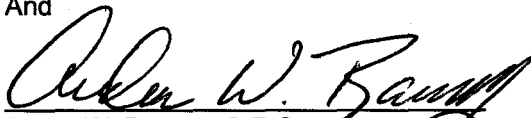
We will also be meeting with ADWR to meet any requirements they have for the new well. We appreciate the opportunity to have met with you and staff members Dorothy, Jack, Scott and Gordon. Would you please see that they each receive a copy of this letter? You have clarified many questions and once it has been determined that the well production and added storage capacity meet the necessary requirements we should be ready for approval by the Commission.

Thanks again,



Paul D. Levie, P.C.  
Granite Mountain Water Company, Inc.

And



Arden W. Barney, C.E.O.  
Granite Mountain Water Company, Inc.

cc:/ ADEQ; ADWR; WIFA